

Circular on Reporting related to the Private Columbaria Ordinance

This Circular is intended to be used as general guidance for practising members of the Hong Kong Institute of Certified Public Accountants (Institute). The Institute DOES NOT accept any responsibility or liability, and DISCLAIMS all responsibility and liability, in respect of the Circular and any consequences that may arise from any person acting or refraining from action as a result of any materials in the Circular.

A. Introduction

1. The Private Columbaria Ordinance (Cap. 630) ("the Ordinance"), which regulates the operation of private columbaria through a licensing scheme, came into effect on 30 June 2017. The Ordinance aims to ensure that private columbaria are operated in compliance with statutory and government requirements, to enhance the protection of consumer interest, and to ensure that the mode of operation of the trade is sustainable.
2. Under the licensing regime of the Ordinance, a person must not operate a columbarium otherwise than under a "specified instrument". There are three types of specified instruments, which include:
 - licence;
 - exemption; and
 - temporary suspension of liability.
3. The Private Columbaria Licensing Board ("PCLB") was established to regulate the operation and management of columbaria. Under the Ordinance, the PCLB may, on application and subject to any conditions that the PCLB thinks fit to impose, issue a specified instrument or renew/ extend it. *An Application Guide for Private Columbarium Licence and Other Specified Instruments* ("Guide")¹ was promulgated by the PCLB, which serves to facilitate applicants in understanding the requirements for applying for specified instruments and related issues.
4. Chapter 19 of the Guide sets out some conditions that the PCLB will normally impose on specified instruments and provide some reminders for reference. Among the conditions applicable to a licence, Condition No. 24 (a) – (d) in this chapter set out the restrictions on the niches in the register entitled "Endorsed registers on pre-cut-off sold niches"² covered by the land regularization fees waiving arrangement" endorsed by the PCLB ("endorsed registers").
5. The holder of a licence is required to submit to the PCLB annually within six months after the end of each financial year (except otherwise specified by the PCLB), after the issue of the licence, a written report on the compliance by the

¹ The Guide can be found in the website of the Food and Environmental Hygiene Department:

<https://www.fehd.gov.hk/pclb/english/guide.html>

² "Pre-cut-off sold niches" referred to niches which were sold before the cut-off time i.e. 8 a.m. on 18 June 2014.

columbarium with the restrictions set out in Condition No. 24(d) of the Guide (i.e. no additional fees or charges beyond the amounts specified in the agreements for the sale of interment right of the niches in the endorsed registers is charged) in respect of the niches in the endorsed registers attached to the licensing conditions in the respective preceding 12-month period. The report must be prepared by a certified public accountant holding a practicing certificate or a firm or a corporate practice registered under the Professional Accountants Ordinance (Cap. 50).

6. The purpose of this Circular is to provide guidance to practising members when undertaking such engagements.

B. Report of Factual Findings

7. The Institute's Auditing and Assurance Standards Committee (AASC), in consultation with the Food and Environmental Hygiene Department, has determined that an agreed-upon procedures engagement conducted in accordance with Hong Kong Standard on Related Services 4400 ("HKSRs"), *Engagements to Perform Agreed-Upon Procedures Regarding Financial Information* and the guidance provided in this Circular would generally be suitable for reporting as mentioned in paragraph 5 above.

C. Licence Holder's Responsibilities

8. According to Condition No. 24 of the Guide, the holder of a licence must keep a register of all payments received in respect of each of the niches in the endorsed registers using the template set out at Annex 38, *Register of all payments received after the issue of the licence in respect of pre-cut-off sold niches covered by the land regularization fees waiving arrangement* ("payment register") of the Guide.
9. The licence holder must provide to the practising member all relevant information and documents, including but not limited to the above-mentioned endorsed registers and payment register.

D. Practising Member's Responsibilities

10. The practising member is required only to perform work in relation to the restrictions set out in Condition No. 24(d) of the Guide. As the practising member simply provides a report of the factual findings of agreed-upon procedures, no assurance is expressed. Instead, the users of the report assess for themselves the procedures and findings reported by the practising member and draw their own conclusions as to whether the columbarium has complied with the restrictions set out in Condition No. 24(d) of the Guide.
11. The practising member is not required to check the authenticity of the information as provided by the licence holder.
12. Appendix 1 to this Circular contains an example report of factual findings that is based on HKSRs 4400. The practising member is reminded that it provides an illustrative example only. The practising member is required to agree with

the holder of a licence on the actual procedures specific to the columbarium.

E. Reporting Period

13. The first reporting period for the holder of a licence will be indicated in the actual condition specified by the PCLB as attached to the licence.

F. Comments and Feedback

14. The AASC welcomes your comments and feedback, which should be sent to the Standard Setting Department at: commentletters@hkipa.org.hk.

Date of Circular: 30 January 2019

APPENDIX 1

Example Report of Factual Findings

Based on HKSRS 4400 *Engagements to Perform Agreed-Upon Procedures Regarding Financial Information*

REPORT OF FACTUAL FINDINGS³

To the Licence Holder of [Name of Columbarium] ("the Columbarium") of Licence Number: [XXXX]

We have performed the procedures agreed with you and enumerated below with respect to the payments received during the period from [Date] to [Date] on the niches in which the interment rights were sold before the cut-off time (i.e. 8 a.m. on 18 June 2014) by the Columbarium and with land regularization fees waived by the Government, as set forth in the *Register of all payments received after the issue of the licence in respect of pre-cut-off sold niches covered by the land regularization fees waiving arrangement* ("Payment Register"), attached at Annex A⁴.

Our engagement was undertaken in accordance with the Hong Kong Standard on Related Services 4400, *Engagements to Perform Agreed-Upon Procedures Regarding Financial Information* issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

The procedures were performed solely to assist you in reporting to the Private Columbaria Licensing Board ("PCLB") in respect of the restriction set out in Condition No. 24 (d) of the *Application Guide for Private Columbarium Licence and Other Specified Instruments* promulgated by the PCLB and are summarized as follows:

Procedures ⁴	Factual Findings	[Exceptions]
1. We obtained from the licence holder the Payment Register and the Endorsed <i>registers on pre-cut-off sold niches covered by the land regularization fees waiving arrangement</i> ("Endorsed Registers"). We checked the niches	1. We obtained the Payment Register and the Endorsed Registers, and found that the niches in the Payment Register were included in the Endorsed Registers.	

³ According to paragraph 7 of HKSRS 4400, independence is not a requirement for agreed-upon procedures engagements; however, the terms or objectives of an engagement may require the practising member to comply with the independence requirements of the HKICPA Statements of Professional Ethics/*Code of Ethics for Professional Accountants*. Where the practising member is not independent, a statement to that effect would be made in the report of factual findings.

⁴ Attach the Payment Register with the report. According to Condition No. 24 of Chapter 19 of the *Application Guide for Private Columbarium Licence and Other Specified Instruments* ("the Guide"), the holder of a licence must keep this register and a template of it is set out in Annex 38 to the Guide. The Payment Register records payments received after the issuance of licence from pre-cut-off sold niches. These niches may or may not have sales agreements of interment right. For niches with sales agreements, procedures 1 – 4 apply; for niches without sales agreements, procedures 1 and 5 apply.

<p>stated in the Payment Register against the Endorsed Registers.</p>		
<p>2. We selected [<i>number of samples</i>] niches in the Payment Register with sales agreements of interment right ("sales agreements") and obtained the relevant sales agreements.</p>	<p>2. We obtained the sales agreements of the selected niches [, except for those niches as stated [here][in Annex B]].</p>	<p><i>[Detail the exceptions here or in Annex B.]</i></p>
<p>3. For the selected niches in 2. above, we checked [the amount and] the descriptions of payments stated in the Payment Register against those stated in the relevant sales agreements.</p>	<p>3. We found that [the amount and] the descriptions of payments to be in agreement [,except for those niches as stated [here][in Annex B]].</p>	<p><i>[Detail the exceptions here or in Annex B.]</i></p>
<p>4. For the selected niches in 2. above, we checked the amount and the descriptions of payments stated in the Payment Register against those stated in the receipts.</p>	<p>4. We found that the amount and the descriptions of payments to be in agreement [, except for those niches as stated [here][in Annex B]].</p>	<p><i>[Detail the exceptions here or in Annex B.]</i></p>
<p>5. We selected [<i>number of samples</i>] niches in the Payment Register with no sales agreements and checked the amount and the descriptions of payments stated in the Payment Register against those stated in the receipts.</p>	<p>5. We found that the amount and the descriptions of payments to be in agreement [, except for those niches as stated [here][in Annex B]].</p>	<p><i>[Detail the exceptions here or in Annex B.]</i></p>

Because the above procedures do not constitute an assurance engagement made in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the HKICPA, we do not express any assurance on the payments received by the Columbarium during the period from [Date] to [Date]. We have not performed any additional procedures to verify the authenticity of any information provided by you to us.

Had we performed additional procedures or had we performed an assurance engagement in respect of the payments received by the Columbarium during the period from [Date] to [Date] in accordance with Hong Kong Standards on Auditing,

Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements, other matters might have come to our attention that would have been reported to you.

Our report is solely for the purpose set forth in the third paragraph of this report and for your information and is not to be used for any other purpose or to be distributed to any other parties, except that we agree that a copy of this report may be provided to the PCLB. We expressly disclaim any liability or duty to any other party for the content in this report. This report relates only to the items specified above and does not extend to any financial statements of the Columbarium, taken as a whole.

XYZ & Co.

Certified Public Accountants (Practising) [or Certified Public Accountants]*

Hong Kong

Date

* Delete as appropriate

附件一

根據《香港相關服務準則》第4400號「對財務信息執行商定程序」的工作結論報告範本

工作結論報告⁵

致[骨灰安置所名稱]（「骨灰安置所」）的持牌人
牌照編號：[XXXX]

就附件A⁶內「就著獲寬免土地規範化費用的『截至時間前出售的龕位』自牌照發出後收到的所有費用的登記冊」（「收費登記冊」）所載骨灰安置所獲政府寬免土地規範化費用的截至時間（即2014年6月18日上午8時）前出售的龕位安放權，於[日期]至[日期]期間內所收取的費用，我們已執行與閣下商定的程序，有關程序載列如下。

我們是根據香港會計師公會（「公會」）頒佈的《香港相關服務準則》第4400號「對財務信息執行商定程序」而執行工作。

我們所執行的程序僅為協助閣下向私營骨灰安置所發牌委員會（「發牌委員會」）提交有關發牌委員會頒佈的《私營骨灰安置所牌照及其他指明文書申請指引》第24(d)項條件載述的限制的報告，而相關程序概述如下：

程序 ⁶	工作結論	[例外情況]
1. 我們從持牌人獲得收費登記冊及獲寬免土地規範化費用的截至時間前出售的龕位的經批註登記冊（「經批註登記冊」）。我們已檢查收費登記冊所列的龕位與經批註登記冊是否相符。	1. 我們已取得收費登記冊及經批註登記冊，並發現收費登記冊所列龕位均列於經批註登記冊。	
2. 我們在收費登記冊中抽選了[抽選數目]個有安放權出售協議（「出售協議」）的龕位，並已取得相關出售協議。	2. [除[以下][附件 B]所述龕位外，]我們已取得所抽選龕位的出售協議。	[於此處或附件B詳述相關例外情況。]

⁵ 根據《香港相關服務準則》第4400號第7段，商定程序工作沒有獨立性的規定；然而，工作的聘用條款或目的可能要求執業會計師遵守公會的Statements of Professional Ethics/ Code of Ethics for Professional Accountants的獨立性要求。若執業會計師並非獨立，須在工作結論報告作相應聲明。

⁶ 隨工作結論報告附上收費登記冊。根據《私營骨灰安置所牌照及其他指明文書申請指引》（「指引」）第19章第24項條件，持牌人必須備存此收費登記冊，相關範本載於指引的附件38。收費登記冊收錄截至時間前出售的龕位自牌照發出後收到的費用。該等龕位可能有或沒有安放權出售協議。程序1至4適用於有出售協議的龕位；程序1及5適用於沒有出售協議的龕位。

3. 就上文第 2 項程序所抽選的龕位，我們已檢查收費登記冊所列的[款額及]費用說明與相關出售協議是否相符。	3. [除[以下][附件B]所述龕位外，]我們發現[款額及]費用說明相符。	<i>[於此處或附件B詳述相關例外情況。]</i>
4. 就上文第 2 項程序所抽選的龕位，我們已檢查收費登記冊所列的款額及費用說明與收據是否相符。	4. [除[以下][附件 B]所述龕位外，]我們發現[款額及]費用說明相符。	<i>[於此處或附件B詳述相關例外情況。]</i>
5. 我們在收費登記冊中抽選了[抽選數目]個沒有出售協議的龕位，並已檢查收費登記冊所列的款額及費用說明與收據是否相符。	5. [除[以下][附件 B]所述龕位外，]我們發現款額及費用說明相符。	<i>[於此處或附件B詳述相關例外情況。]</i>

由於以上商定程序並不構成按照公會頒佈的《香港審計準則》、《香港審閱業務準則》或《香港鑒證業務準則》而執行的鑒證工作，因此我們不就骨灰安置所於[日期]至[日期]期間內所收取的費用發表任何鑒證意見。我們並無執行任何額外程序以核實閣下所提供的資料是否真確。

如果我們就骨灰安置所於[日期]至[日期]期間內所收取的費用執行商定程序以外的程序，或根據《香港審計準則》、《香港審閱業務準則》或《香港鑒證業務準則》而執行鑒證工作，我們可能會發現到應向閣下報告的其他事宜。

本報告僅用作第三段所述的用途，並僅供閣下參考。除了我們同意可向發牌委員會提供此報告副本外，此報告不得用作任何其他用途或分發給任何其他人士。我們表明概不就本報告內容向任何其他人士承擔任何責任或義務。本報告僅與上述指定事項有關，且整體而言並不伸延至骨灰安置所的任何財務報表。

XYZ & Co.

執業會計師[或會計師]*

香港

日期

*刪去不適用者